

Message Text

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71

ACTION ARA-20

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FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC IMMEDIATE 6627

INFO AMEMBASSY BOGOTA

AMEMBASSY BRAZILIA

AMEMBASSY GUATEMALA

CONGEN GUAYAQUIL 0031

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY QUITO

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

UNCLAS TEGUCIGALPA 1226

E.O. 11652: N/A

TAGS: ETRD, PFOR, XK

SUBJ: BANANAS STATEMENT BY UNITED FRUIT REPRESENTATIVE

HOUSTON LACOMBE

SUMMARY: IN PRESS INTERVIEW PRINTED MARCH 21, 1974 BY
"LA PRENSA" HOUSTON LACOMBE, PRESIDENT OF TELA RAILROAD
AND HEAD UNITED FRUIT EXECUTIVE IN HONDURAS COMMENTED ON
BANANA PRICE INCREASE. HE STATED HE CONSIDERS THE INCREASE
JUST WITH BENEFITS TO THE GOVERNMENT, THE COMPANIES,
WORKERS AND PRODUCERS. HE STATED THE COMPANY IS COMMITTED
TO SUPPORT THE MEASURE BUT IS NOT GUARANTEEING THE
RESULTS. END SUMMARY.

1. PRESS STORY BEGINS WITH STATEMENT THAT INCREASE IN
BANANA PRICE WILL BENEFIT THE HONDURAN TREASURY BY
\$59 MILLION. THE FIGURE IS OBTAINED BY APPLYING A \$1 PER
BOX INCREASE IN RETURN TO THE GOVERNMENT TO THE AVERAGE
ANNUAL EXPORT FROM HONDURAS OF 50 MILLION BOXES. THE
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ARTICLE BY ANGEL MARIA VELASQUEZ THEN SHIFTS TO QUOTES

OBTAINED IN AN INTERVIEW WITH HOUSTON LACOMBE.

2. LACOMBE IS QUOTED AS SAYING: "THE INCREASE IN THE PRICE OF THE FRUIT I CONSIDER JUST BECAUSE FOR SEVERAL YEARS THE COSTS OF PRODUCTION HAVE BEEN INCREASING. WE EXPECT THAT THE ACTION WILL BENEFIT THE GOVERNMENT, COMPANIES, WORKERS AND PRODUCERS. WE HAVE PROMISED TO SUPPORT THE MEASURE BECAUSE THE SURCHARGE DOES NOT PREJUDICE THE PRODUCTION OF BANANAS, BUT WE DO NOT GUARANTEE THE RESULTS."

3. HE STATED "ACTUALLY IN THE U.S. WE ARE SELLING THE BOX OF BANANAS AT \$2.20 AND SOMETIMES 5 CENTS MORE. NATURALLY THE INCREASE IN PRICE DECIDED UPON WILL BE PASSED ON TO THE CONSUMER, IN THAT IN SO FAR AS OUR COMPANY PS CONCERNED, WE NEVER HAVE HAD RETURNS OF \$1 PER BOX."

4. LACOMBE IS QUOTED AS SAYING, "THE PRICE OF EVERY ARTICLE IS DETERMINED BY SUPPLY AND DEMAND. WHEN THE FIRST IS GREATER THAN THE LATTER, THE VALUE OF THE ARTICLE TENDS TO REDUCE OR REMAIN STATIC, A PHENOMENA APPLICABLE TO BANJUY NLSALES BECAUSE OF THE OVER PRODUCTION OF RECENT YEARS, SO THAT BANANA PRICES HAVE BEEN MAINTAINED STATIC FOR NEARLY 50 YEARS." THE ARTICLE NOTED THAT THE TELA RAILROAD COMPANY, A SUBSIDIARY OF UNITED BRANDS, EXPORTS ANNUALLY BETWEEN 30 AND 35 MILLION BOXES OF BANANAS INCLUDING THOSE WHICH IT PURCHASED FROM INDEPENDENT PRODUCERS AND COOPERATIVES. IT HAS AN INVESTMENT OF ABOUT \$100 MILLION AND 13,500 EMPLOYEES.

5. LACOMBE INDICATED THAT PRESENTLY BANANAS ARE SOLD TO SOME COMMUNIST COUNTRIES IN THE EASTERN EUROPE. ALSO THERE ARE NEGOTIATIONS WITH THE SOVIET UNION IN ORDER TO EXPAND THE MARKET FOR THE FRUIT. LACOMBE IS QUOTED AS SAYING, "IN GENERAL THESE COUNTRIES WISH TO BUY FROM US THROUGH BARTER WHICH IS NOT ALWAYS CONVENIENT FOR THE COMPANIES."

6. LACOMBE IS QUOTED AS SAYING, "WE HOPE THAT BEFORE LONG WE WILL BE ABLE TO TEACH THE RUSSIANS AND THE OTHER PEOPLES

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TO CONSUME BANANAS. I THINK ALSO THAT ANOTHER LARGE MARKET FOR BANANAS IS CONTINENTAL CHINA, WITH WHOM AS YET THERE HAVE BEEN NO NEGOTIATIONS, BUT I BELIEVE IT WILL BE POSSIBLE IN THE FUTURE."

7. HE IS FURTHER QUOTED AS SAYING, "WE HAVE NOW STARTED TO SELL THE GREEN GOLD TO ARAB COUNTRIES, ESPECIALLY SAUDI ARABIA. UNFORTUNATELY THE COST OF THE FRUIT THERE IS VERY

HIGH BECAUSE OF TRANSPORTATION COSTS DUE TO THE NECESSITY
TO GO AROUND THE CONTINENT OF AFRICA. BUT NOW THAT THEY
WILL BE OPENING THE SUEZ CANAL, THESE COSTS WILL BE
REDUCED AND WE ARE CONFIDENT OF EXPANDING THE BUSINESS
WITH ALL OF THESE COUNTRIES."

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